



State of Louisiana

State Budget

Fiscal Year 2006-2007

Kathleen Babineaux Blanco
Governor

Jerry Luke LeBlanc
Commissioner of Administration





State of Louisiana
DIVISION OF ADMINISTRATION
OFFICE OF THE COMMISSIONER

KATHLEEN BABINEAUX BLANCO
GOVERNOR

JERRY LUKE LEBLANC
COMMISSIONER OF ADMINISTRATION

September 28, 2006

The Honorable Kathleen Babineaux Blanco
Governor
State Of Louisiana
Post Office Box 94004
Baton Rouge, LA 70804-9004

Dear Governor Blanco:

Pursuant to law (Louisiana Revised Statute 39:56), the Division of Administration - Office of Planning and Budget has prepared the official state budget for fiscal year 2006-07, which is contained herein. The presentation reflects in detail the financial plan for the fiscal year as to both means of financing and expenditures. This document includes the legislative budgetary actions of the 2006 Regular Session and the Expenditure Limit report for fiscal year 2006-07.

During the year since Hurricanes Katrina and Rita devastated significant parts of the state of Louisiana, state government has been aggressively moving towards recovery and rebuilding in the affected areas. To address hurricane recovery related issues, the state legislature held two extraordinary sessions – the 2005 1st Extraordinary Session in November 2005 and the 2006 1st Extraordinary Session held in January 2006. Additionally, during the 2006 Regular Legislative Session, hurricane recovery legislation was enacted dealing with expenditure and revenue issues.

Pages 2A-2V of this document contain budget summaries by functional areas reflecting the enacted fiscal year 2006-07 State Expenditure Plan.

To reflect an accurate level of state spending, adjustments to the total expenditure and total revenue have been made in the enclosed financial statements. The adjustments include netting out ancillary self-generated means of finance, interagency transfer appropriations, and other adjustments in order to avoid double counting.

The adjusted state spending plan for fiscal year 2006-07 totals \$ 26,718,439,396, the adjusted revenue for the state totals \$26,719,319,808. These totals include \$7,823,911,247 in hurricane disaster recovery funding. Adjusted anticipated state revenue from taxes, licenses, fees, and funds, from which the budget during the 2006 Regular Session was comprised, totals \$12,665,815,454. Augmenting this income will be Federal receipts estimated at \$14,053,504,354, to be used mainly for highways, education, and social services. At this funding level, the June 30, 2007, State General Fund (Direct) balance would be \$880,412.

The Honorable Kathleen Babineaux Blanco

Page 1A

September 28, 2006

The appropriated expenditures in the cash portion of the Capital Outlay Act (Act 27) totals \$1,092,886,970. Projects funded from revenue bonds total an additional \$979,364,453. The bond portion of the Capital Outlay Act contains projects totaling \$2,704,623,231. Of this total, projects totaling \$2,698,583,000 are found in priorities 1-5, and those projects with no priority order total \$6,040,231.

Sincerely,



Jerry Luke LeBlanc

JLL/VAB/ab

Enclosure



BUDGET SUMMARY

Budget Change

The total FY 2006-2007 budget (including contingencies), before backing out hurricane-related items, is \$26,718.4 million. However, this total includes \$7,823.9 million in hurricane-related relief and recovery funding—the majority of which (\$7,357.3 million) is Federal Funds. After backing out hurricane relief and recovery funds, the net budget is \$18,891.5 million.

Comparing the Existing Operating Budget (as of 12/01/2005) in the same manner produces these numbers: The total Existing Operating Budget, before backing out hurricane relief and recovery funding, is \$21,089.0 million. After backing out hurricane relief and recovery money, the Existing Operating Budget is \$18,894.5 million.

When you compare the two fiscal year budgets without hurricane relief and recovery funds, budget growth is only \$130.6 million, which is an increase of only 0.70%.

FY06 Existing Operating Budget (EOB) vs. FY07 Enacted (In \$ Millions, Exclusive of Double Counts and Inclusive of Contingencies)

| | FY06 EOB As of 12/01/05 | FY07 Appropriated | FY07 Over/(Under) FY06 EOB | % Change |
|---|-------------------------------|----------------------|----------------------------------|----------------|
| General Fund Direct | \$7,297.1 | \$7,297.7 | \$0.7 | 0.01% |
| General Fund By: | | | | |
| Fees & Self Generated | \$1,403.9 | \$1,388.8 | (\$15.1) | -1.07% |
| Statutory Dedications | \$3,423.2 | \$3,978.4 | \$555.2 | 16.22% |
| Interim Emergency Board | \$1.7 | \$0.0 | (\$1.7) | -100.00% |
| TOTAL STATE FUNDS | \$12,125.8 | \$12,664.9 | \$539.2 | 4.45% |
| FEDERAL FUNDS | \$8,963.3 | \$14,053.5 | \$5,090.2 | 56.79% |
| GRAND TOTAL | \$21,089.0 | \$26,718.4 | \$5,629.4 | 26.69% |
| Less Hurricane Relief Funding | (\$2,325.1) | (\$7,823.9) | \$5,498.8 | 236.50% |
| GRAND TOTAL LESS HURRICANE FUNDING | \$18,763.9 | \$18,894.5 | \$130.6 | 0.70% |

COMPARISON: Fiscal Year 2005 - 2006 Budgeted To Fiscal Year 2006 - 2007 Enacted

(Totals Including Hurricane Disaster Recovery)
(Inclusive of Contingencies) (Exclusive of Double Counts)

| | <u>As of 12/01/05 Budgeted 2005 - 2006</u> | <u>Enacted 2006 - 2007</u> | <u>Enacted Over/(Under) Budgeted</u> | <u>Percent Of Change</u> |
|----------------------------------|--|--------------------------------|--|----------------------------------|
| GENERAL FUND, DIRECT | \$7,297.1 | \$7,297.7 | \$0.7 | 0.01% |
| GENERAL FUND BY: | | | | |
| FEES AND SELF-GENERATED REVENUES | \$1,403.9 | \$1,388.8 | (\$15.1) | -1.07% |
| STATUTORY DEDICATIONS | \$3,423.2 | \$3,978.4 | \$555.2 | 16.22% |
| INTERIM EMERGENCY BOARD | \$1.7 | \$0.0 | (\$1.7) | -100.00% |
| TOTAL STATE FUNDS | \$12,125.8 | \$12,664.9 | \$539.2 | 4.45% |
| FEDERAL FUNDS | \$8,963.3 | \$14,053.5 | \$5,090.2 | 56.79% |
| GRAND TOTAL | \$21,089.0 | \$26,718.4 | \$5,629.4 | 26.69% |
| POSITIONS | 46,598 | 45,692 | (906) | -1.94% |

NOTE: POSITIONS ARE AUTHORIZED, NOT FILLED POSITIONS

COMPARISON: Fiscal Year 2005 - 2006 Budgeted To Fiscal Year 2006 - 2007 Enacted

(Total Hurricane Disaster Recovery)
(Inclusive of Contingencies) (Exclusive of Double Counts)

| | <u>As of 12/01/05 Budgeted 2005 - 2006</u> | <u>Enacted 2006 - 2007</u> | <u>Enacted Over/(Under) Budgeted</u> | <u>Percent Of Change</u> |
|----------------------------------|--|--------------------------------|--|----------------------------------|
| GENERAL FUND, DIRECT | \$0.0 | \$0.8 | \$0.8 | 0.00% |
| GENERAL FUND BY: | | | | |
| FEES AND SELF-GENERATED REVENUES | \$1.8 | \$0.0 | (\$1.8) | -100.00% |
| STATUTORY DEDICATIONS | \$14.3 | \$465.9 | \$451.6 | 3167.14% |
| INTERIM EMERGENCY BOARD | \$0.0 | \$0.0 | \$0.0 | 0.00% |
| TOTAL STATE FUNDS | \$16.1 | \$466.6 | \$450.6 | 2803.94% |
| FEDERAL FUNDS | \$2,309.0 | \$7,357.3 | \$5,048.2 | 218.63% |
| GRAND TOTAL | \$2,325.1 | \$7,823.9 | \$5,498.8 | 236.50% |
| POSITIONS | 0 | 71 | 71 | 0.00% |

NOTE: POSITIONS ARE AUTHORIZED, NOT FILLED POSITIONS

COMPARISON: Fiscal Year 2005 - 2006 Budgeted To Fiscal Year 2006 - 2007 Enacted
(Totals Net of Hurricane Disaster Recovery)
(Inclusive of Contingencies) (Exclusive of Double Counts)

| | <u>As of 12/01/05 Budgeted 2005 - 2006</u> | <u>Enacted 2006 - 2007</u> | <u>Enacted Over/(Under) Budgeted</u> | <u>Percent of Change</u> |
|---|--|--------------------------------|--|----------------------------------|
| GENERAL FUND, DIRECT | \$7,297.1 | \$7,296.9 | (\$0.1) | 0.00% |
| GENERAL FUND BY: | | | | |
| FEES AND SELF-GENERATED REVENUES | \$1,402.1 | \$1,388.8 | (\$13.2) | -0.94% |
| STATUTORY DEDICATIONS | \$3,408.9 | \$3,512.5 | \$103.6 | 3.04% |
| INTERIM EMERGENCY BOARD | \$1.7 | \$0.0 | (\$1.7) | -100.00% |
| TOTAL STATE FUNDS | \$12,109.7 | \$12,198.3 | \$88.6 | 0.73% |
| FEDERAL FUNDS | \$6,654.2 | \$6,696.2 | \$42.0 | 0.63% |
| GRAND TOTAL | \$18,763.9 | \$18,894.5 | \$130.6 | 0.70% |
| POSITIONS | 46,598 | 45,621 | (977) | -2.10% |

NOTE: POSITIONS ARE AUTHORIZED, NOT FILLED POSITIONS



HUMAN RESOURCES

Health Care - Medicaid

- **In response to the impact of hurricanes Katrina and Rita the state is utilizing \$411 million as a direct result of the federal relief package in the Medicaid program.**
- **For FY 2006-2007, the Department of Health and Hospitals has provided for the expansion of the Medicaid Program in its current budget funding as follows:**
 - \$75.3 million in State General Fund for the implementation of Medicare Part D – Prescription Drug Coverage
 - \$38.4 million in State General Fund (\$138.7 million total funds) for a Private and Public Community Hospital Pool
 - \$23.4 million in State General Fund (\$79.7 million in total funds) for the nursing home rebasing and rate increase
 - \$14.8 million in State General Fund (\$62.8 million in total funds) for 200 New Opportunities Waiver (NOW) slots, 100 Elderly and Disabled Waiver (EDA) slots, the Family Planning Waiver, and the Supports Waiver
 - \$11.5 million in State General Fund (\$38 million total funds) for an increase in reimbursement rates for hospital inpatient and outpatient services
 - \$8.8 million in State General Fund (\$28.9 million total funds) for a rate increase for physicians
 - \$4.6 million in State General Fund (\$15.3 million total funds) for rural hospitals
 - \$4.5 million in State General Fund (\$14.9 million total funds) for pediatric dental services

Health Care – Hospitals and Medical Schools

- **In an effort to meet the demand for psych beds, especially in the New Orleans area, \$10.3 million is added for 114 psych beds at the New Orleans Adolescent Hospital, Southeast Louisiana State Hospital, and Villa Feliciana Medical Complex.**

- **\$15 million provided to the LSU Health Sciences Center in New Orleans (HSCNO)**
The HSCNO has suffered major financial problems since Hurricane Katrina. This funding will help the HSCNO meet the demands of training Louisiana's future doctors and medical personnel. To ensure that Katrina aftereffects do not impact health care availability in subsequent years, funding is provided for operational costs including payments for residents and faculty supervisors. This will help ensure that HSCNO will be able to continue training the medical personnel essential to meeting Louisiana's needs today and in the future.
- **\$4 million for recruiting and retaining key faculty members at the HCSNO**
Hurricane Katrina also produced serious problems in the areas of faculty recruitment and retention at the HCSNO. Physical damage to the facility and the lack of residential housing were obvious contributors to an already difficult situation. This \$4 million will help alleviate this situation.
- **Medicaid and Uncompensated Care Costs (UCC) at LSU Health Sciences Center Shreveport (HSCS)-University Hospital and E.A. Conway Medical Center**
 - To meet the increased patient demand at HSCS, an 8.2% increase in Medicaid and Uncompensated Care Cost (UCC) funding is provided for a total of \$191.1 million (Medicaid and UCC). This fully funds the utilization increase at HSCS, which is approximately \$16.1 million.
 - To meet the increased patient demand at E.A. Conway, a 7.7% increase in Medicaid and Uncompensated Care Cost (UCC) funding is provided for a total of \$68.5 million (Medicaid and UCC). This fully funds the utilization increase at E.A. Conway, which is approximately \$3.2 million.
- **\$4 million to address the equipment needs of the new Ambulatory Care Building at Health Sciences Center Shreveport**
- **\$500,000 for Cardiology Services at Health Sciences Center Shreveport to meet a critical need for faculty in the area**
- **The FY 2006-2007 budget restores indigent patient care services in New Orleans while maintaining the current level of services at other LSU Health Sciences Center-Health Care Services Division (HCSD) facilities.**
 - Medicaid and Uncompensated Care Costs (UCC) - \$133.8 million is provided in Medicaid and \$450.5 million in UCC, with a total of \$584.2 million. Medicaid budget is a 23.3% increase over costs for the projected FY05-06 level of Medicaid services. UCC budget is a 32% increase over projected FY05-06 level of allowable costs.
 - The total budget for HCSD is \$736.6 million. This will ensure the continuation of current level of services at all eight locations, as well as the restoration of

University Hospital in New Orleans to a total of 208 beds. This includes 52 beds for the Trauma Unit, which is scheduled to open in December 2006.

Families & Children

- **To provide essential family support services in the Department of Social Services (DSS):**
 - **\$2.8 million in Federal Funds awarded for the Food Stamp High Performance Bonus Program allocated to the Office of Family Support**
 - **\$3.5 million in State General Funds for Office of Family Support operating costs to avoid parish food stamp office closures**
 - **Child Care Development Fund enhanced by \$33.7 million; \$10.2 million in State General Fund will allow a drawdown of additional Federal Funds in the amount of \$23.5 million.**
 - **\$2.0 million in State General Funds allocated to the Office of Family Support to administer a Community Response Initiative.** The focus of this initiative is to reduce poverty and assist in the recovery of Louisianans through community-based competitive grants directed toward innovative programming in high-risk parishes.
 - **Temporary Assistance for Needy Families (TANF) initiatives are funded at \$79.3 million for FY 2006-2007, with a concentration on children and families.**
- **\$3.3 million in State General Fund is added in the Office of Community Services to attract an additional \$2.3 million in Federal Funds, which will be used to address the continued need of residential care for special needs children in foster care.**
- **\$14.3 million in Federal Funds is added for the Rehabilitation Employment Assessment Programs in Louisiana Rehabilitation Services to assist persons with disabilities to obtain and maintain employment.**
- **\$1.5 million in TANF funds added in the Office on Women's Policy for increased services to women and children who are victims of domestic violence**

Juvenile Justice

- **\$3.1 million added in the Office of Youth Development (OYD) for continued implementation of evidence-based programs.**

These programs are designed to enhance all levels of the juvenile justice continuum of care. Funding is Statutory Dedication from the Youthful Offender Management Fund.

- **\$3 million in State General Fund to implement a grant pool that will allow OYD to improve preventive and diversion programs focused on juvenile offenders and other at-risk populations**

Special Populations

- **Resources have been found to avoid closure of Northwest Developmental Center.**
- **The FY 2006-2007 state budget supports Louisiana's war veterans by providing \$2.2 million for each of two additional war veterans' homes within the state. Construction of both homes is scheduled to be completed by the end of September 2006. A phased-in approach in operations is scheduled to begin in November 2006.**
 - **The Northwest Louisiana War Veterans Home is a 156-bed facility located in Bossier City, Louisiana**
 - **The Southeast Louisiana War Veterans Home is a 156-bed facility located in Reserve, Louisiana**
- **\$1.5 million added in the Office of Elderly Affairs to fully fund the formula that allocates funding to senior centers statewide to assist the various Parish Councils on Aging.**



EDUCATION

K-12 Education

- **\$115 million for pay increases for teachers and school support workers**

The Minimum Foundation Formula (MFP) includes:

- \$94 million to boost teacher pay. This will allow a \$1,500 pay raise for each certificated employee, including those within the state's special schools and juvenile facilities.
- \$21 million to raise support worker pay by \$500 per person.

- **MFP fully funded at \$2.7 billion**

The MFP formula provides basic state aid to local schools. The FY 2006-2007 funding level reflects the loss of about 8% of student enrollment. However, modifications have been made to the formula to reflect other needs by local education authorities. In addition to \$115 million added for increased teacher and support worker pay, other enhancements to the formula include:

- The "at-risk" weight factor is adjusted from 17% to 19%.
- An additional \$80 per pupil is provided to cover mandated costs incurred by local districts.
- The "wealth" factor is adjusted to lower the sales tax increase cap from 20% to 15%.
- The 50% requirement of Level 1 and 2 increases for certificated pay increases is revised only for districts below the SREB average of \$42,291. Three districts will be affected by this; Desoto, St. James and West Feliciana will not face the requirement.
- Enrollment and local revenue calculations were adjusted for the school systems that were severely impacted by Hurricanes Katrina and Rita (Orleans, St. Bernard, Plaquemines, City of Bogalusa, Cameron and Jefferson Parishes).

- **\$3.0 million expansion of LA-4 Early Childhood Program**

LA-4 funding is increased by \$3.0 million in federal TANF funds to reach 600 additional students in the six-hour program and 100 additional students in the before-and-after-school enrichment program.

- **\$1.4 million for anticipated enrollment increase at Type 2 Charter Schools**

Funding for Type 2 Charter Schools is increased by \$1.4 million in State General Fund to accommodate this anticipated growth in enrollment. Approximately 3,500 students will attend seven Type 2 Charter Schools in School Year 2006-2007, at a total cost of \$22.8 million.

- **\$28.8 million in federal funds for the No Child Left Behind (NCLB) School and Community Support Programs.**
- **\$345.6 million in federal hurricane recovery for schools**
The Louisiana Department of Education is expected to receive \$345.6 million in Federal Funds from the Hurricane Education Recovery Act. These funds will help rebuild and restart the schools that were affected by the hurricanes.

TOPS and Student Loans

- **Tuition Opportunity Program for Students (TOPS) fully funded at \$120.4 million for 42,297 students**
- **\$4.5 million for student loan guarantees**
With the addition of \$4.5 million in State General Fund, the Louisiana Office of Student Financial Assistance (LOSFA) will be able to compete with other financial institutions in the student loan guarantee industry. The funding will pay the 1% federal default fee assessed for students whose loans are processed through LOSFA.

Higher Education

- **\$31.2 million for faculty pay raise**
A total of \$31.2 million is provided to help retain and recruit outstanding faculty. Faculties at the state's institutions are more than 8% behind on an overall average faculty salary basis when compared to other Southern Region Education Board (SREB) states. Though this pay increase may not close the gap entirely, each institution should receive an approximate 5% increase.
- **\$65 million for mandated cost and educational and general expenses**
A total of \$43.5 million (of which \$34.5 million is State General Fund) is being provided to higher education institutions for mandated cost. An additional \$21.5 million is being provided for educational and general expenses for the operations of the colleges and universities.
- **\$15 million for Pathways to Construction Employment Initiative (Workforce Development)**
This initiative supports the workforce needs of employers in rebuilding projects in Louisiana, while supporting efforts to move dislocated workers into high-growth, high-demand occupations. The goal of this funding, along with a Department of Labor Federal grant, is to help train 10,000 construction workers to meet the labor demands in the state of Louisiana.

- **\$12 million Higher Education Enrollment Level Pool**
Fluctuations in enrollment levels regularly present challenges impacting the financial stability of public postsecondary institutions. These challenges have been further impacted by recovery efforts resulting from Hurricanes Katrina and Rita. In an effort to address this issue, \$12 million is provided to Louisiana's Higher Education public postsecondary institutions to meet these challenges.
- **\$7.5 million for library and scientific acquisitions**
These funds will allow enhancement of library and scientific equipment for Louisiana's public higher education institutions to help meet academic and accreditation standards.
- **\$7.5 million to upgrade computing capacity of the Louisiana Optical Network Initiative (LONI) network**
The Louisiana Optical Network Initiative is a fiber optic network that will soon interconnect mainframe computers at Louisiana's major research universities. LONI provides computation speeds more than 1,000 times the rate previously. \$7.5 million is provided to significantly upgrade the computing capacity of the LONI network. This investment will provide a significant, and much needed increase, in the computational resources for academic research, provide critical system backup and disaster recovery projects for other state agencies, provide redundant network connections for emergency and first responders and provide computational resources that can be used for direct incentives for economic development.
- **\$7.2 million in State General Fund for Endowed chairs and professorships**
Together with an additional \$10.6 million in funds from private and corporate donors, the \$7.2 million in state funds, will be used to establish endowed chairs/professorships throughout higher education.
- **\$5 million for Community and Technical College and Academic Learning Centers Pool**
This funding will support the expansion and operations of the community colleges, technical colleges and Academic Learning Centers.
- **\$2 million in State General Fund for Dual Enrollment Programs**
Dual Enrollment Programs allow high school students to enroll in college courses and earn college credit or receive technical training and certification while still in high school.
- **\$16.1 million for strategic investments to strengthen key higher education target areas, including:**
 - \$3.2 million for the LSU A&M Flagship agenda
 - \$1.8 million for the School of Veterinary Medicine at LSU A&M, including \$1 million for general operations, \$500,000 for the diagnostic lab and \$300,000 for arbovirus testing
 - \$498,420 for the Forensic Anthropology Computer Enhancement Services (FACES) laboratory at LSU A&M

- \$1.3 million for the general operations of the LSU Agricultural Center
- \$1 million for the expansion of research at the Pennington Biomedical Research Center
- \$1.65 million for implementation of the Land Grant Agreement approved by the U.S. District Court for the Eastern District on May 10, 2006
- \$1 million for the School of Pharmacy at the University of Louisiana at Monroe
- \$5.7 million for the Delta Community College campus (in capital outlay budget)



BUSINESS & INFRASTRUCTURE

Economic Development

- **Louisiana continues to aggressively market the business sector through financial assistance initiatives**
 - **\$6 million to establish the Economic Development Matching Grant Program.** The program will assist qualified regional and/or community economic development organizations in funding projects of regional benefits that promote or assist with the process of marketing cities, parishes, and/or regions of the state as a site or location for business and industrial development. Grants will be awarded on the basis of criteria to be developed by Louisiana Economic Development (LED).
 - **Governor's Economic Development Rapid Response Program continues at \$10 million.** This program enables a rapid response capability for securing economic development opportunities for the state.
 - **\$5.5 million for LED advertising, promotion, and marketing-related services continued.** These services emphasize an economic approach targeted at identified economic development industry sectors.
- **\$2.2 million for legislative initiatives to aid local economic development endeavors**
- **Economic development infrastructure initiatives**
 - \$2.1 million for debt service associated with improvements (including ship decks, port, and rail upgrades) on Port of New Orleans property to locate CG Railway, Inc., a roll-on/roll-off facility, on the Mississippi River Gulf Outlet
 - \$2.1 million for payment of debt service for infrastructure for a bulk rice export facility
 - \$4.57 million (in the capital outlay budget) for land acquisition and site planning for a megasite for a major project

Culture, Recreation and Tourism

- **\$2.4 million added to aggressively market and advertise the state as a tourist destination**

This funding will aid in the promotional and publicity endeavors focusing on the diverse

cultural and recreational assets of the state. The department continues to alert the public that, in the aftermath of Hurricanes Katrina and Rita, Louisiana is ready to welcome tourists for an enjoyable recreational experience. Additionally, the department will continue to aggressively market the state for business and convention business.

- **\$3 million for sports-related economic endeavors**

Funding for various sports-related economic endeavors has been transferred from the Department of Economic Development to augment tourism promotion efforts: FORE! Kids Foundation: Zurich Golf Classic (\$288,775); Independence Bowl (\$325,000); New Orleans Bowl (\$300,000); Sugar Bowl (\$950,000). Additionally, \$1.2 million is provided for sports promotional endeavors associated with the New Orleans Sports Foundation and New Orleans Sports Foundation - Arena Football Bowl.

- **\$5.5 million for legislative initiatives to aid local cultural and tourism endeavors**

- **Cultural Development funding continues in order to spotlight Louisiana's culture and the impact it has on the state's economy.** In addition, \$337,606 in state funding for the Council for Development of French in Louisiana (CODOFIL) is transferred from Special Schools and Commissions to the Office of Cultural Development. This will enable more effective coordination with CODOFIL in the promotion of the French culture in Louisiana.

Labor

- The operating budget of the Louisiana Department of Labor shows a net decrease of \$217.1million, due primarily to reductions in Federal Funds:
 - \$116.9 million in Disaster Unemployment Assistance (DUA) for Hurricanes Katrina and Rita is non-recurred.
 - \$64.6 million reduction non-recurs two Federal Job Training and Placement Grants used for Job Training (\$62.1m) and Reintegration Training (\$2.5m), mostly for hurricane victims.
 - \$21.3 million reduction in Federal Funds (\$19.6 million) and Statutory Dedications (\$1.7 million) reflects anticipated revenue levels for FY2006-2007. This reduction, which results in a net loss of 101 authorized positions, primarily affects the Job Training and Placement Program. However, these positions are historically vacant positions, and no layoffs are anticipated.
- Department budget increases included:
 - Net increase of \$2.1 million for replacement acquisitions and information technology projects. This provides \$7.3 million for Information Technology supported projects.
 - To serve veterans seeking employment services, 43 positions statewide are provided—an increase of 11 positions.
 - Local labor projects totaling \$.8 million are funded.

Transportation Infrastructure

- **DOTD budget shows slight increase despite loss of hurricane-related funds**
The total appropriation to the Department of Transportation and Development (DOTD) is \$484.95 million, a net increase of 1.68%.
 - \$21.86 million of one-time funding received during FY 2005-2006 for hurricane relief through reimbursements by the Federal Emergency Management Agency and the Federal Highway Administration is eliminated.
 - Hurricane Katrina's aftermath has had a significant adverse impact on the projected travel count and revenue loss of Crescent City Connection Division-Bridge and Marine. These programs are reduced by \$4.1 million to a budget level that is 80% of Existing Operating Budget.
- **DOTD's Office of Hurricane Flood Protection created and staffed**
 - Act 6 of the 2006 1st Extraordinary Session renamed the Office of Public Works and Intermodal Transportation to the Office of Public Works, Hurricane Flood Protection, and Intermodal Transportation. This office is responsible for administration of all matters, including engineering related to the programs of the state with respect to the design, construction, extension, improvement, repair, and regulation of hurricane flood protection. These activities include but are not limited to construction and design of a hurricane flood protection system against tidal surges within the coastal zone. DOTD is responsible also for inspection of hurricane flood protection levees and structures within the coastal zone.
 - Towards this end, an Office of Hurricane Flood Protection is created and funded by \$1.8 million in Transportation Trust Fund-Regular, with 19 personnel.
- **\$4.5 million for additional public transportation projects such as aid to local governments for supplies, equipment and vehicles related to public transit, and enhancement of elderly/disabled programs**
- **\$17 million for equipment and supplies for district maintenance, repairs, and upgrades to transportation infrastructure**
 - \$12 million worth of heavy movable equipment
 - \$5 million for supplies (hot mix, aggregate, herbicide, etc.)
- **\$2 million in Transportation Trust Fund-Regular for conversion of DOTD's Human Resource functions to the statewide ISIS system**
- **151 positions eliminated to continue the streamlining of DOTD's bureaucracy**
This supports the department's strategic goal to reduce authorized positions to 4,800 by the end of calendar year 2007.

- **Additional \$8.76 million for the Parish Road Program**

The total FY 2006-2007 appropriation to the Parish Transportation Fund is \$47.96 million, or 22.35% greater than FY 2005-2006. While funding for mass transit and off-system roads and bridge match programs remains static, there is an additional \$8.76 million for the Parish Road Program.

- \$2.7 million of this additional funding will be distributed to parishes on a statutory per capita basis (R.S. 48:756 A.1).
- \$6 million will be distributed to parishes on a per mileage basis (R.S. 48:756 A.3).

Miscellaneous

- **\$9.9 million for legislative initiatives for local infrastructure and acquisitions, economic development, law enforcement equipment, and social service activities.**



PUBLIC SAFETY

Emergency Preparedness

- **Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) created as a separate state agency**
 - In response to lessons learned in the aftermath of Hurricanes Katrina and Rita, GOHSEP was created by Act 35 of the First Extraordinary Session of 2006 to provide statewide coordination for emergency preparedness and response.
 - Operations are augmented by \$3.5 million in State General Fund and 56 additional positions.
- The state has set aside \$420 million as match for FEMA hurricane expenditures by depositing excess FY 2005-2006 State General Fund in the FEMA Reimbursement Fund. This will cover the state's share of FEMA hurricane expenditures for Other Needs Assistance as a result of Hurricanes and Rita.
- The state has set aside \$150 million for future hurricane evacuations, sheltering, and preparedness by depositing excess FY 2005-2006 State General Fund in the State Emergency Response Fund. This amount is estimated to cover the costs of six three-day events. At present, only \$25.2 million is budgeted in the Division of Administration (see General Government) for FY 2006-2007; the remaining funds will be budgeted only if needed.

Public Protection Services

- **\$3.1 million to keep State Police ranks stable, with two cadet classes funded**

State trooper ranks will remain stable in FY 2006-2007 as \$3.1 million from the Riverboat Gaming Enforcement Fund is provided for costs associated with two cadet classes. The cadet classes will graduate approximately 75 Louisiana State Troopers in FY 2006-2007.

 - \$1.4 million will be utilized to fund a 50-member cadet class needed to fill vacant Louisiana State Trooper positions as of February 2006.
 - \$1.7 million will be utilized to fund a 25-member cadet class needed due to fill newly vacated commissioned positions and anticipated retirement vacancies.
- **\$1.3 million for training of Louisiana State Police personnel**

Funding from the Riverboat Gaming Enforcement Fund is transferred to the Donald J. Thibodaux Training Academy to ensure continued training for police personnel.

- **\$7.1 million to upgrade out-dated technology for Automated Fingerprint Identification System (AFIS) and Computerized Criminal History (CCH) System**
Funds from the Criminal Identification and Information Fund are used to improve these critical law enforcement data systems.
- **\$0.9 million to purchase needed equipment and vehicles for State Police Narcotics Seizure Section to continue crackdown on illegal drug activity within Louisiana**
Replacement of outdated equipment and vehicles will support State Police assistance to local agencies with undercover investigations.
- **\$0.5 million in State General Fund for Department of Justice's statewide Sexual Predator Apprehension Team**
The team will:
 - monitor and target sex offenders required to register
 - offer specialized training and assistance to local law enforcement and prosecutors
 - identify, arrest and assist in the prosecution of sexual offenders who violate conditions of probation and parole
 - collect data to determine if the program is effective in reducing sexual assault offenses
 - develop procedures for operating a multi-jurisdictional task force
- **Two motor vehicles offices in the Hammond area to serve clients affected by the storms in the Northshore areas**
The Office of Motor Vehicles' office in Harvey has re-opened. However, \$0.1 million in Fees and Self-generated Revenues has been added to keep the alternative post-hurricane location in Hammond open for motor vehicle customers.
- **\$0.38 million and 5 positions added in the Office of State Fire Marshal to expedite post-hurricane rebuilding**
 - \$0.24 million in Fees and Self-generated Revenues and 2 plan review positions.
 - \$0.14 million in Statutory Dedication and 3 inspector positions.The Office of State Fire Marshal reviews construction plans for consistency with fire and life safety codes and conducts safety inspections of buildings across the state. These additional positions will help avoid delays in plan review and inspections, which could seriously hamper Louisiana's rebuilding efforts and jeopardize public safety.
- **\$0.3 million in State General Fund added in Public Safety Services for staff and support of the newly created Louisiana Uniform Construction Code Council**
Pursuant to Act 12 of the 2005 1st Extraordinary Legislative Session, the Code Council will review and adopt the state uniform construction code; provide training and education to code officials, inspectors and building officials; and determine if any amendments or changes to the state uniform construction code are justified.
- **Federal funds for highway hazard elimination projects increase by \$5 million**
Funding is sent directly to the Louisiana Highway Safety Commission instead of the Department of Transportation and Development due to the state's failure to pass open

container laws that meet federal guidelines. The \$5 million increase reflects anticipated expenditures for completed projects.

Justice

- **\$2.4 million in State General Fund added to fund a pay increase for Assistant District Attorneys statewide**
Act 790 of the 2006 Regular Legislative Session raises the annual salary paid by the state to each assistant district attorney from \$30,000 to \$35,000, effective July 1, 2006.
- **\$10 million State General Fund added to augment legal services statewide by the Louisiana Indigent Defense Assistance Board**
This is the second major infusion of funding for indigent criminal representation, bringing the total amount of increased funding during the Blanco Administration to \$20 million.
- **\$0.5 million State General Fund continues for Legal Services Corporation to provide free civil law services and civil representation to eligible applicants**
Funds will be split equitably among the Legal Services of North Louisiana, Acadiana Legal Services, Southeast Louisiana Legal Services and Capital Area Legal Services.

Corrections

- **\$5.3 million for two major expansions of state offender beds in the state's adult correctional institutions**
 - \$2.4 million State General Fund and 53 positions for the operation of a 50-bed skilled nursing/geriatric health care unit facility at the Forcht-Wade Correctional Center in Shreveport, a satellite facility of David Wade Correctional Center
 - \$2.9 million State General Fund and 60 positions for the operation of a new 116-bed death row cell block at Louisiana State Penitentiary
- **\$4.5 million State General Fund added for utility costs increase (natural gas and electrical services) at adult correctional facilities**
- **\$12.9 million State General Fund added for mandated personnel costs**
- **The Washington Correctional Institute was renamed the B.B. Sixty Rayburn Correctional Center via Act 15 (HB 533) of the 2006 Regular Legislative Session.**
- **Funding for housing of state inmates in local facilities drops by almost \$50 million**
Local Housing of State Offenders (previously named Sheriff's Housing of State Inmates) has been divided into two separate programs: Local Housing of Adult Offenders and Adult Work Release.

- The Adult Community-Based Rehabilitation Program was transferred to the Local Housing of State Offenders, Adult Work Release program. This was a technical transfer to consolidate state funding for work release programs, whether operated by private contractors or local law enforcement entities.
- For FY 2006-2007, Local Housing of State Offenders is funded at \$112.4 million, the cost projected for housing of state inmates in local facilities and work release programs—a decrease of almost \$50 million from Existing Operating Budget. This reduced amount takes into consideration administrative changes to be implemented by Corrections Services, which are expected to reduce the number of inmates housed by approximately 3,100, as well as requiring offenders who participate in work release programs to pay an additional \$5 per day for their room and board.



ENVIRONMENT & NATURAL RESOURCES

Saving Louisiana's Coast

The Department of Natural Resources is expanding the Coastal Impact Assistance Program (CIAP). For FY 2006-2007, \$8.3 million in federal funding has been added in the Office of Coastal Restoration and Management Program for this first installment of \$540 million that Louisiana will receive over the next four years for coastal projects.

Continuing Services

The Department of Agriculture and Forestry has been provided sufficient funding to ensure that all incumbents will be on a 40-hour work week schedule.

The Department of Environmental Quality will continue its core mission to protect Louisiana's environment. Although the department's statutory dedication (Environmental Trust Fund) has been reduced by \$20 million due to a drop in revenue, the department has reorganized various activities in order to continue to provide mission critical services.



GENERAL GOVERNMENT

Financial Management

- **\$128.4 million increase in State General Fund for state debt service**
 - \$92.9 million due to the change in existing debt service schedule during FY 2006-2007
 - \$20.5 million increase due to an anticipated \$500 million bond sale in August 2006
 - \$15 million increase due to debt service support for political subdivisions.
- **Office of Revenue budget stabilized by increasing State General Fund by \$17 million to replace lost self-generated revenues**

Administration

- **\$36.5 million added to fund the state's additional property excess commercial insurance premiums for FY 2006-2007**
- **An additional \$200 million for the Office of Risk Management to process and pay claims filed against the state due to damages caused by Hurricanes Katrina and Rita**
- **Division of Administration Debt Service and Maintenance increased by \$16.2 million as state occupies two new buildings in Capitol Park.**
 - The Department of Health and Hospitals moves into the Bienville Building; the Department of Social Services moves into the Iberville Building.
 - \$2.8 million for increased costs of state buildings and grounds maintenance
 - \$13.4 million for bonded indebtedness and operating/maintenance cost for buildings owned by the Office Facilities Corporation

Disaster Recovery

- **Louisiana Recovery Authority established**
 - One of the Governor's first steps in the aftermath of Hurricanes Katrina and Rita was the creation of the Louisiana Recovery Authority (LRA) via Executive Order KBB 2005-63. The LRA is charged with leading the state's recovery and

- rebuilding efforts.
 - The LRA was established as a state agency via Act 5 of the First Extraordinary Session of 2006.
 - Budgeted resources for FY 2006-2007 are \$3.9 million and 30 positions.
- The Governor and Legislature have taken additional steps in preparing for the future by reserving \$150 million for future evacuation and shelter needs in the event of a threat of another disaster. At present, only \$25.2 million is budgeted (in the Division of Administration) for FY 2006-2007; the remaining funds are set aside in the State Emergency Response Fund and will be budgeted only if needed. Should the 2006 hurricane season pass without expenditure of the full \$150 million, then up to \$50 million from the fund can be used to offset any assessments or to provide for the payment of any current or other obligations on bonds or other indebtedness issued by the Louisiana Citizens Property Insurance Corporation.
 - **\$4.76 billion in Federal Funds budget authority for Disaster Recovery Unit located in the Division of Administration-Community Development Program**
This includes:
 - Housing Program - \$3,551.6 million
 - Local Infrastructure - \$95 million
 - State Infrastructure - \$50 million
 - Economic Recovery-Bridge Loan Program - \$95 million

Elections

- **\$1.5 million added to enhance and update computer equipment in the Secretary of State's Information Technology Division in order to relay election results faster to the media**
- **Additional \$11.4 million in State General Fund for election expenses to conduct three (3) statewide elections and four (4) local elections**
- **\$47.9 million in Federal Help America Vote Funds non-recurred**
FY 2005-2006 was the final year of this three-year project to improve the administration of elections in the State of Louisiana.

Local Aid

- **\$9.8 million of direct state aid to specific local entities for various local initiatives**
- **\$3.6 million in state aid to the City of New Orleans for support services occasioned by the presence of the official gaming establishment in New Orleans**

